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CC: <ceo@mendocinocounty.org>
Date: 11/7/2018 10:41 AM
Subject: Special Meeting 11/16/18

Dear Supervisors:

I've become aware of your plan to hold a Special Meeting on 11/16/2018, to recommend changes to the Cannabis Cultivation Ordinances. I will not be able to attend the meeting but want to share my views and suggestions regarding the future of legal cannabis businesses in our county.

I realize new county ordinances pertaining to cannabis are under revision and there are many growers who are unhappy with legalization because it reduces their incomes, complicates their lives and affects their ability to grow and sell their crops without regulation.

MY BACKGROUND

As a 43 year resident of Willits, who has not been involved in the cannabis industry, I've watched our county accommodate illegal growers, underground markets and black market economy for decades.

The illegal growers have ruled our communities without oversight, without paying taxes, without getting permits and without operating as all other legal businesses must do.

For over 30 years, I worked in Ukiah, commuting from Willits. Eight of those years were spent working as a business advisor for West Company (now West Business Development Center), and SBDC (Small Business Development Center), both of which offer free counseling to entrepreneurs wishing to start a new business or expand an existing business. I counseled hundreds of entrepreneurs about how to start a business in our county. The majority of my clients needed step-by-step guidance and ongoing support to handle challenges, obstacles and the financial realities of business. In short, they needed business education.

CANNABIS GROWERS COMPLIANCE

In many instances, two or three generations of illegal cannabis growing families have enjoyed great prosperity from their tax-free incomes without regard for participating in the real business world. Now that cannabis is legal, that needs to change. It's time for cannabis growers who want to do business in our county to take the necessary steps to conduct legal businesses like the rest of us must do.

Tax evasion and money laundering are crimes punishable by prison, yet cannabis growers have lived in the shadows operating this way for far too long. With legalization there is opportunity to teach the growers and help them transition to a legal business framework.

PROBLEMS

Both legal and illegal cannabis growers create many problems throughout our communities without regard for the damage they do, and we've had to live with it, such as:

- **ROADS**

Many cannabis gardens are remotely located out private dirt roads. These roads are often substandard and crumbling, yet the cannabis growers use them daily creating a lot of traffic including heavy water trucks, tractor trailers, trucks with trailers, many vehicles of "employees", all speeding up our private residential roads destroying them. If our private dirt roads are used for commercial enterprise, the companies using them and doing this damage should pay sufficient fees to maintain the roads in good condition.

Road associations have been struggling for decades to keep up with the damage and cost of repairs these growers cause. Our road association is considering asking permitted growers to pay additional, high fees to maintain our private residential roads they are now using for commercial purposes. Personally, I'm tired of paying my annual road association fees to support their businesses while they destroy everything I'm paying for, especially road maintenance. I doubt many cannabis growers have paid their share of our annual road use fees, something I've done for fifteen years.

- **WATER**

Most cannabis gardens are served by wells and water we all share out on the land. Cannabis growers often use the lion's share, thereby stealing our water, diverting it to their crops, to the point where our wells go dry. Personally, my husband and I have resorted to collecting rain water and storing it to get through the year. We shouldn't have to do this.

- **TRIMMIGRANTS**

Many illegal growers depend on trimmers during harvest season. Many of these people come from out of the area (some from Europe and other foreign countries) to do this work. They infiltrate our private communities and use our resources freely without oversight. They live on the land, in cars, hang out all day holding up signs for work and snoop around our homes, leaving trash wherever they've been. When they are "hired" for trimming jobs they are not legitimate "employees". Cannabis growers disregard employment laws and do not carry workers compensation insurance for these people. No payroll taxes are collected or paid.

BUSINESS COMPLIANCE

Legal county businesses are held to a high standard and must be permitted and in compliance for road use, septic systems, buildings, fire breaks, fire department access, to name only a few requirements.

As owners of a legally permitted vacation rental business, in 2016-2017, my husband and I went through a protracted eighteen month county process to get our business license. We were required to apply for a Major Use Permit (later changed to a Minor Use Permit), paid \$5,500.00 in fees and costs to go through the process (\$800 refunded when changed from Major to Minor Permit). Our application required extensive, detailed information about our land, our buildings, our roads, access, etc., plus a public hearing before the Planning Commission. Our business was approved with limits on the number of guest units (2), maximum guests (two parties of no more than six people), a two-car maximum driving our dirt road, and we pay 11% TOT and BID taxes for each reservation. We take our responsibilities to the county very seriously. Our small, part-time, seasonal business required no building, no grading, no excess water usage, in short, no changes to our property at all, yet we had to go through the process and prove to the county we were deserving of operating our business that creates no damage or nuisance. Our dirt road usage is only 1/2 mile drive up the hill to our ranch, and we pay our fair share annually for maintenance and usage, yet the cannabis growers destroy it daily making driving our road dangerous and difficult for everyone. As part of our business permit process, our neighbors were contacted and asked if they objected to our vacation rental business on our property, something required by the county, yet we have never been asked if we object to what the cannabis growers are doing to us and our neighborhoods. We've had to stay quiet and live with it because the county wouldn't do anything to stop them. I sincerely hope this Special Meeting will address this double standard.

We've had to endure decades of illegal cannabis growers operating against us without regard for neighbors or to the public, without fire or property insurance, without workers comp, without product liability insurance. In addition, many growers have vicious dogs they turn loose which creates another

serious threat to our safety. Animal Control was called on numerous occasions with little response. The list goes on and on. The violations are numerous, and though these nuisances aren't permitted in our county for other businesses, the county has turned a blind eye to the cannabis growers. Supervisor Hamburg's biography states, "... The Mendocino Board of Supervisors is responsible for exercising its legislative and quasi-judicial authority, within budgetary constraints, to provide for the health, welfare and safety of the residents of Mendocino County." It is my hope that all of our supervisors take this mission seriously and will protect the rights of law abiding, tax-paying residents of our county and apply the same rules to the cannabis growers.

SUGGESTIONS

There is a desperate need for basic business education to teach our citizenry how to conduct a legal business.

I feel illegal cannabis growers need a crash course in reality before allowing them the privilege of owning and operating a regulated cannabis business.

This includes proper permits and carrying sufficient insurance to cover business-related damage they cause. Every business is responsible to the community where they are located. There are new laws and new rules these growers must now follow, and we need to give them the help they need to become successful legally. Those who are serious will go through the permit process to get their business license and remain in compliance with the law.

NEW BUSINESS LICENSE REQUIREMENT

I would like to suggest establishing a new county business license requirement for all new cannabis business owners to complete one business counseling session, and possibly a 6-class course through West or SBDC (depending on their understanding of paying for permits, taxes and insurance to run a business and their legal experience. This essential education would aid the new legal cannabis growers and set them up for legitimate success. It would also familiarize them with the business resources available to them and give them the support they need on an on-going basis.

There is much work to be done.

Sincerely,

Joy Calónico